GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2662
ANSWERED ON:16.12.2004
GAS PIPELINE THROUGHOUT COUNTRY
Acharia Shri Basudeb

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the government is considering promoting the development of gas pipeline networks throughout the country to avoid regional imbalance;

(b) whether the Government of West Bengal has sent a proposal for developing natural gas transmission infrastructure in the State;

(c) whether the Government of West Bengal has also sent proposal for forming natural gas grid by the Public Sector Undertakings to effect the supply also to starved-gas areas through its nominated agency;

(d) if so, the details thereof; and

(e) the action taken/proposed to be taken in this regard?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d): Yes, Sir. Regarding the proposed Natural Gas Pipeline Policy, the Government of West Bengal have represented that GAIL be nominated as the nodal agency to lay all inter-state gas transmission pipelines to ensure that Government plays an important role in removing regional imbalance. In the view of the Government of West Bengal allowing the private sector to participate in laying inter-state pipeline might lead to the skewed development of gas markets resulting in further regional imbalance.

(e): Under the existing policy, any entity can set up gas transmission and distribution networks without any Authorization/license from the Government. Natural gas/LNG is under Open General Licence (OGL) and 100% Foreign Direct Investment (FDI) is permitted for natural gas pipeline projects. However, as natural gas pipelines are highly capital intensive projects, they are considered natural monopolies and, therefore, Government propose to regulate them. Based on the feedback received from various stakeholders, including major domestic and international oil and gas companies, different Chambers of Commerce and Industries, State Governments, etc., and after inter-ministerial consultations, Government have under consideration a draft Pipeline Policy which envisages the development of a nation-wide gas grid in a competitive environment, involving both the public sector and private sector, under the overview of a Regulator. The Pipeline Policy aims to encourage competition, efficiency and greater investment in this sector, all of which will ultimately benefit the consumer and the economy in general. Specific attention is proposed to be paid to equitable regional distribution.